

HEALTH SERVICES AND DEVELOPMENT AGENCY

MINUTES *

MARCH 26, 2014

AGENCY MEMBERS PRESENT

Johnson, D. Lynn, Chair
Wright, James, Vice-Chair
Burns, Charlotte
Byrd, Claudia
Doolittle, Robert S.
Flora, Mark, M.D.
Mills, Thom
Hodge, Elisha, designee for the Comptroller of the Treasury

AGENCY MEMBERS ABSENT

Haik, Barrett, M.D.
Gaither, Keith, designee for the TennCare Director
Jordan, Lisa, designee for the Commissioner of Commerce and Insurance

AGENCY STAFF PRESENT

Hill, Melanie, Executive Director
Ausbrooks, Mark, Administrative Assistant I
Bobbitt, Melissa, Administrative Services Assistant III
Christoffersen, Jim, General Counsel
Craighead, Alecia, Statistical Analyst, III
Earhart, Phillip, HSD Examiner
Farber, Mark, Deputy Director
Finchum, Rhonda, Administrative Officer
Grimm, Jeff, HSD Examiner

COURT REPORTER

Deen, Meschelle Manley

GUESTS PRESENT

Adams, Justin, Assistant Administrator, Rolling Hills Hospital
Ambrosius, Paul, Esq., Trauger & Tuke
Bailey, Starlyn, RN
Baker, Graham, Jr., Esq., Weeks and Anderson
Baxter, Richard P., President, NAMI-TN
Braber-Grove, Sandra, Esq., Tennessee Department of Mental Health and Substance Abuse Services
Brent, Michael D., Esq., Bradley Arant Boult Cummings, LLP
Carter, Reneese, Business Development Representative, Rolling Hills Hospital
Clark, Richard, CEO, Rolling Hills Hospital
Couch, Bobby, CEO, Medical Center of Manchester
Cross, Alix Coulter, Esq., Harwell Howard Hyne Gabbert & Manner, P.C.
Felts, Ginna, Business Development, Vanderbilt University Medical Center
Hadfield, Chelsey, Esq., Bradley Arant Boult Cummings, LLP
Hart, James, M.D., Medical Director, Rolling Hills Hospital
Hill, Ronald, Consultant, Business Development, Vanderbilt University Medical Center

Jernigan, Pam, United Regional Medical Center
Lawrence, Andy, Team Leader, Crisis Services
Leonard, Chris, CFO, Rolling Hills Hospital
McCormick, Martha, CEO, United Regional Medical Center
Mukherji, Ashoke "Bappa", Director, Board of Directors, United Regional Medical Center
Ockerman, Jeff, Director, TDH, Division of Health Planning
Perisho, Bret, Vice President, Business Development, Regional One Health
Phillips, W. Brantley, Esq., Bass Berry & Sims
Plumee, Steve, CEO, Select Specialty Hospitals North Knoxville
Reed, Ann, R., RN, BSN, MBA, Director of Licensure, TDH, Division of Health Care Facilities
Sansing, Trent, CON Director, TDH
Scott, Vanda, CEO, Select Specialty Hospitals Knoxville & North Knoxville
Starling, Tom, M.D., Mental Health America of Middle Tennessee
Steinbeck, Kate, Business Development Representative, Rolling Hills Hospital
Tally, Sarah Lodge, Esq., Butler Snow
Taylor, Jerry W., Esq., Stites & Harbison, PLC
Trauger, Byron R., Esq., Trauger & Tuke
Wellborn, John L., Consultant, Development Support Group
West, William H., Esq., Baker, Donelson, Bearman, Caldwell & Berkowitz
Wisniewski, Michele, Director of Business Operations & Contracting, Rolling Hills Hospital

ROLLCALL TO ESTABLISH QUORUM

Mr. Johnson requested roll call to establish quorum.

PRESENT: Mills, Flora, Doolittle, Wright, Burns, Hodge, Byrd, Johnson

Eight (8) members present.

DIRECTOR'S ANNOUNCEMENTS

Melanie Hill, Executive Director, made general announcements regarding the following:

- 1) Deferral request: Crestwyn Behavioral Health – deferral is recommended to allow review of additional information recently submitted;
- 2) Presentations to be given at the end of the Agenda included a special presentation on the State Health Plan by Jeff Ockerman; Audit Committee report by Thom Mills; and a brief presentation on making proper motions by Jim Christoffersen;
- 3) Number of applications scheduled for upcoming meetings: Five (5) for April 23rd, two (2) for May 28th, and possibly three (3) for June 25th;
- 4) Introduction of new employees: Mark Ausbrooks, Administrative Assistant 1, and Jeff Grimm, HSD Examiner; and
- 5) Presentation instructions: Provided for those providing testimony on the scheduled agenda items.

APPROVAL OF MINUTES

Mr. Johnson presented February 26, 2014 minutes for approval.

Mr. Mills moved for approval of the February 26, 2014 minutes as presented. Mr. Wright seconded the motion. The motion CARRIED [8-0-0]. **APPROVED by unanimous voice vote**

AYE: Mills, Flora, Doolittle, Wright, Burns, Hodge, Byrd, Johnson
NAY: None

CONSENT CALENDAR APPLICATIONS

Melanie Hill summarized the following Consent Calendar Application:

Select Specialty Hospital--North Knoxville - (Powell, Knox County) - Project No. CN1312-047

The relocation of a thirty-three (33) bed long term acute care hospital from 900 East Oak Hill Avenue, 4th floor, Knoxville (Knox County), TN 37917 to leased space at North Knoxville Medical Center, Physicians Plaza B, First Floor, 7557-B Dannaher Drive, Powell (Knox County), TN. The proposed location is a medical office building on the campus of Tennova Healthcare—North Knoxville Medical Center. The estimated project cost is \$13,910,744.00.

Ms. Hill noted that the project was not opposed and it met the statutory Certificate of Need criteria as follows: 1) Need—Relocating to a new site will help this facility better serve the special needs population it is licensed and certified to serve. The relocation will provide all private rooms and significantly more space overall, which is important when considering the type of medical equipment needed to care for this vulnerable patient population. The availability of more private rooms means that acute care hospitals can transfer high acuity patients needing longer stays into less costly beds more quickly than they can currently, which will help control health care costs; 2) Economic Feasibility – The project will be funded through cash reserves. The existing facility historically had a positive cash flow and net operating income. The relocation will not result in greater cost to patients or higher reimbursement for the applicant; and 3) Contribution to the Orderly Development of Health Care – The project does contribute to the orderly development of health care since it will not duplicate services but will simply relocate them to a more efficient space. The new location will provide more private rooms, which will better serve patients as previously noted. All private rooms will also help foster infection control in this very vulnerable population. Existing contracts with insurance companies and managed care organizations will remain in place.

Present on behalf of the project were: Byron R. Trauger, Esq., representing the applicant; Vanda Scott, CEO, Select Specialty Hospitals Knoxville & North Knoxville; Steve Plume, CEO, Select Specialty Hospitals North Knoxville; and John L. Wellborn, Consultant.

Applicant waived summation.

Mr. Doolittle moved for approval of the project based on the record – the memorandum and reasoning as read into the record by Ms. Hill. Ms. Byrd seconded the motion. The motion CARRIED [8-0-0].

APPROVED

AYE: Mills, Flora, Doolittle, Wright, Burns, Hodge, Byrd, Johnson

NAY: None

CERTIFICATE OF NEED APPLICATIONS

Mark Farber summarized the following CON Applications:

Crestwyn Behavioral Health - (Germantown, Shelby County) - Project No. CN1310-040

Establishment of a 60 bed mental health psychiatric hospital with the beds designated in the following manner: fifteen (15) beds will be dedicated to psychiatric care for adolescents, thirty (30) for adults of all ages, and fifteen (15) for adult chemical dependency care. Delta Medical Center will delicense 60 beds. The estimated project cost is \$26,875,862.00.

DEFERRAL REQUESTED TO THE APRIL 2014 MEETING

W. Brantley Phillips, Esq., addressed the Agency on behalf of the request.

Mr. Wright moved to grant the request for deferral of this application to the April meeting. Dr. Flora seconded the motion. The motion CARRIED [7-0-1]. **DEFERRED**

AYE: Mills, Flora, Wright, Burns, Hodge, Byrd, Johnson

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NAY: None
ABSTAINED: Doolittle

Shelby County Health Corporation, d/b/a Regional One Health f/k/a The Regional Medical Center at Memphis - (Memphis, Shelby County) - Project No. CN1311-044

The establishment of a twenty (20)* bed nursing home certified for Medicare/Medicaid that will operate as a department of The MED. The estimated project cost is \$300,000.00.

*These beds are subject to the 2013-2014 Nursing Home Bed Pool.

E. Graham Baker, Jr., Esq., addressed the Agency on behalf of the applicant. Speaking in support was Bret Perisho, Vice President, Business Development, Regional One Health.

Applicant waived summation.

Ms. Burns moved for approval of the application based on: 1) Need – There is a need. It does meet the bed formula need for Shelby County and it does provide options for those patients who are difficult to place in other nursing homes; 2) Economic Feasibility – The project is economically feasible in that cash reserves are going to be used and it will be less costly to provide the care in this setting versus care in an acute care setting; and 3) The project does contribute to the orderly development of adequate and effective health care since these patients will primarily be coming from Regional One Health, it will provide a place for patients to transition to a lesser-acute level of care at a cost savings to the hospital. Mr. Wright seconded the motion. The motion CARRIED [8-0-0]. **APPROVED**

AYE: Mills, Flora, Doolittle, Wright, Burns, Hodge, Byrd, Johnson
NAY: None

Ms. Burns and Mr. Doolittle recused.

Rolling Hills Hospital, LLC d/b/a Rolling Hills Hospital - (Franklin, Williamson County) - Project No. CN1312-051

The addition of forty (40) adult inpatient psychiatric beds to an existing eighty (80) bed mental health hospital. The estimated project cost is \$9,796,910.00.

Michael D. Brent, Esq., addressed the Agency on behalf of the applicant. Speaking in support were: Richard Clark, CEO, Rolling Hills Hospital; Tom Starling, M.D., Mental Health America of Middle Tennessee; Starlyn Bailey, RN; Andy Lawrence, Team Leader, Crisis Services; Richard P. Baxter, President, NAMI-TN; and Michele Wisniewski, Director of Business Operations & Contracting, Rolling Hills Hospital. Present in support were: Chris Leonard, CFO, Rolling Hills Hospital and James Hart, M.D., Medical Director, Rolling Hills Hospital.

Applicant waived summation.

Mr. Wright moved for approval of this application based on: 1) Need – The need has been demonstrated based on the steady increase of the facility's occupancy since 2009, and the projected growth of the demographic area in the near future; 2) Economic Feasibility – The economic feasibility is met by the cash reserves of the parent; and 3) The project does contribute to the orderly development of adequate and effective health care by providing increased access to the growing population in this area for inpatient mental health services and to avoid delays in the treatment in an appropriate setting for these types of patients, and/or diversion to areas that are further away from home and family support. Mr. Mills seconded the motion. The motion CARRIED [6-0-0]. **APPROVED**

AYE: Mills, Flora, Wright, Hodge, Byrd, Johnson
NAY: None

GENERAL COUNSEL'S REPORT

Jim Christoffersen summarized the following CON modification request:

United Regional Medical Center - (Manchester, Coffee County) - Project No. CN0707-060A

Request for a three (3) year extension of the expiration date from April 11, 2014 to April 11, 2017. This project was approved on December 12, 2007 for the relocation and replacement of an existing fifty-four (54) bed hospital. The estimated project cost is \$37,845,000.00.

Alix Cross, Esq., addressed the Agency on behalf of the applicant. Speaking in support of the request were: Bobby Couch, CEO, Medical Center of Manchester; and Ashoke "Bappa" Mukherji, Director, Board of Directors, United Regional Medical Center. Present in support were: Pam Jernigan, United Regional Medical Center and Martha McCormick, CEO, United Regional Medical Center.

Mr. Wright moved for approval of the three (3) year extension of the expiration date from April 11, 2014 to April 11, 2017. Ms. Burns and Ms. Hodge seconded the motion. The motion CARRIED [8-0-0].

APPROVED

AYE: Mills, Flora, Doolittle, Wright, Burns, Hodge, Byrd, Johnson
NAY: None

CONTESTED CASES UPDATE

Mr. Christoffersen provided an update on contested cases.

LEGISLATIVE UPDATE

Mr. Christoffersen provided an update on HSDA related legislation.

OTHER BUSINESS:

- A. Audit Committee Report: Thom Mills, Audit Committee Chair;
- B. Making Proper Motions: Jim Christoffersen, General Counsel; and
- C. The Goal of Health Planning: Protecting, Promoting, and Improving Health: Jeff Ockerman, Director of Health Planning, Department of Health.

ADJOURNMENT

There being no further business, the meeting adjourned.

Melanie M. Hill, Executive Director

MMH/mab

* Minutes provide only a brief staff summary of the meeting and are not intended to be an all-inclusive report. The HSDA maintains a detailed record of each meeting (recording and transcript) that is available upon request by contacting the HSDA office at 615-7412364.